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SENATE BILL 664

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Carroll H. Leavell

AN ACT

RELATING TO TAXATION; PROVIDING A PHASED-IN DEDUCTION FROM GROSS RECEIPTS FOR HEALTH CARE SERVICES PROVIDED BY A HEALTH CARE PRACTITIONER.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and Compensating Tax Act, Section 7-9-101 NMSA 1978, is enacted to read:

"7-9-101. [NEW MATERIAL] DEDUCTION--GROSS RECEIPTS-- HEALTH CARE SERVICES.--

A. Receipts from the provision of health care services provided by a health care practitioner that are not otherwise deductible pursuant to Section 7-9-93 NMSA 1978 or another provision of the Gross Receipts and Compensating Tax Act may be deducted from gross receipts as follows:

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1 (1) from July 1, 2007 through June 30, 2008,
2 twenty-five percent of the receipts may be deducted from gross
3 receipts;

4 (2) from July 1, 2008 through June 30, 2009,
5 fifty percent of the receipts may be deducted from gross
6 receipts;

7 (3) from July 1, 2009 through June 30, 2010,
8 seventy-five percent of the receipts may be deducted from gross
9 receipts; and

10 (4) after June 30, 2010, all of the receipts
11 may be deducted from gross receipts.

12 B. The deduction provided by this section shall be
13 separately stated by the taxpayer.

14 C. For the purposes of this section:

15 (1) "health care practitioner" means:

16 (a) a chiropractic physician licensed
17 pursuant to the provisions of the Chiropractic Physician
18 Practice Act;

19 (b) a dentist or dental hygienist
20 licensed pursuant to the Dental Health Care Act;

21 (c) a doctor of oriental medicine
22 licensed pursuant to the provisions of the Acupuncture and
23 Oriental Medicine Practice Act;

24 (d) an optometrist licensed pursuant to
25 the provisions of the Optometry Act;

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1 (e) an osteopathic physician licensed
2 pursuant to the provisions of Chapter 61, Article 10 NMSA 1978
3 or an osteopathic physician's assistant licensed pursuant to
4 the provisions of the Osteopathic Physicians' Assistants Act;

5 (f) a physical therapist licensed
6 pursuant to the provisions of the Physical Therapy Act;

7 (g) a physician or physician assistant
8 licensed pursuant to the provisions of Chapter 61, Article 6
9 NMSA 1978;

10 (h) a podiatrist licensed pursuant to
11 the provisions of the Podiatry Act;

12 (i) a psychologist licensed pursuant to
13 the provisions of the Professional Psychologist Act;

14 (j) a registered lay midwife registered
15 by the department of health;

16 (k) a registered nurse or licensed
17 practical nurse licensed pursuant to the provisions of the
18 Nursing Practice Act;

19 (l) a registered occupational therapist
20 licensed pursuant to the provisions of the Occupational Therapy
21 Act;

22 (m) a respiratory care practitioner
23 licensed pursuant to the provisions of the Respiratory Care
24 Act;

25 (n) a speech-language pathologist or

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1 audiologist licensed pursuant to the Speech-Language Pathology,
2 Audiology and Hearing Aid Dispensing Practices Act;

3 (o) a professional clinical mental
4 health counselor, marriage and family therapist or professional
5 art therapist licensed pursuant to the provisions of the
6 Counseling and Therapy Practice Act who has obtained a master's
7 degree or a doctorate; and

8 (p) an independent social worker
9 licensed pursuant to the provisions of the Social Work Practice
10 Act; and

11 (2) "health care services" means medical and
12 health services provided by a health care practitioner that are
13 within the scope of practice of the health care practitioner
14 providing the services."

15 Section 2. Section 7-1-6.46 NMSA 1978 (being Laws 2004,
16 Chapter 116, Section 1, as amended) is amended to read:

17 "7-1-6.46. DISTRIBUTION TO MUNICIPALITIES--OFFSET FOR
18 FOOD DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES
19 DEDUCTION.--

20 A. A distribution pursuant to Section 7-1-6.1 NMSA
21 1978 shall be made to a municipality in an amount, subject to
22 any increase or decrease made pursuant to Section 7-1-6.15 NMSA
23 1978, equal to the sum of:

24 (1) the total deductions claimed pursuant to
25 Section 7-9-92 NMSA 1978 for the month by taxpayers from

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1 business locations attributable to the municipality multiplied
2 by the sum of the combined rate of all municipal local option
3 gross receipts taxes in effect in the municipality for the
4 month plus one and two hundred twenty-five thousandths percent;
5 [~~and~~]

6 (2) the total deductions claimed pursuant to
7 Section 7-9-93 NMSA 1978 for the month by taxpayers from
8 business locations attributable to the municipality multiplied
9 by the sum of the combined rate of all municipal local option
10 gross receipts taxes in effect in the municipality for the
11 month plus one and two hundred twenty-five thousandths percent;
12 and

13 (3) the total deductions claimed pursuant to
14 Section 7-9-101 NMSA 1978 for the month by taxpayers from
15 business locations attributable to the municipality multiplied
16 by the sum of the combined rate of all municipal local option
17 gross receipts taxes in effect in the municipality for the
18 month plus one and two hundred twenty-five thousandths percent.

19 B. The distribution pursuant to Subsection A of
20 this section is in lieu of revenue that would have been
21 received by the municipality but for the deductions provided by
22 Sections 7-9-92, [~~and~~] 7-9-93 and 7-9-101 NMSA 1978. The
23 distribution shall be considered gross receipts tax revenue and
24 shall be used by the municipality in the same manner as gross
25 receipts tax revenue, including payment of gross receipts tax

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1 revenue bonds.

2 C. For the purposes of this section, "business
3 locations attributable to the municipality" means business
4 locations:

5 (1) within the municipality;

6 (2) on land owned by the state, commonly known
7 as the "state fairgrounds", within the exterior boundaries of
8 the municipality;

9 (3) outside the boundaries of the municipality
10 on land owned by the municipality; and

11 (4) on an Indian reservation or pueblo grant
12 in an area that is contiguous to the municipality and in which
13 the municipality performs services pursuant to a contract
14 between the municipality and the Indian tribe or Indian pueblo
15 if:

16 (a) the contract describes an area in
17 which the municipality is required to perform services and
18 requires the municipality to perform services that are
19 substantially the same as the services the municipality
20 performs for itself; and

21 (b) the governing body of the
22 municipality has submitted a copy of the contract to the
23 secretary.

24 D. A distribution pursuant to this section may be
25 adjusted for a distribution made to a tax increment development

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1 district with respect to a portion of a gross receipts tax
2 increment dedicated by a municipality pursuant to the Tax
3 Increment for Development Act."

4 Section 3. Section 7-1-6.47 NMSA 1978 (being Laws 2004,
5 Chapter 116, Section 2, as amended) is amended to read:

6 "7-1-6.47. DISTRIBUTION TO COUNTIES--OFFSET FOR FOOD
7 DEDUCTION AND HEALTH CARE PRACTITIONER SERVICES DEDUCTION.--

8 A. A distribution pursuant to Section 7-1-6.1 NMSA
9 1978 shall be made to a county in an amount, subject to any
10 increase or decrease made pursuant to Section 7-1-6.15 NMSA
11 1978, equal to the sum of:

12 (1) the total deductions claimed pursuant to
13 Section 7-9-92 NMSA 1978 for the month by taxpayers from
14 business locations within a municipality in the county
15 multiplied by the combined rate of all county local option
16 gross receipts taxes in effect for the month that are imposed
17 throughout the county;

18 (2) the total deductions claimed pursuant to
19 Section 7-9-92 NMSA 1978 for the month by taxpayers from
20 business locations in the county but not within a municipality
21 multiplied by the combined rate of all county local option
22 gross receipts taxes in effect for the month that are imposed
23 in the county area not within a municipality;

24 (3) the total deductions claimed pursuant to
25 Section 7-9-93 NMSA 1978 for the month by taxpayers from

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1 business locations within a municipality in the county
2 multiplied by the combined rate of all county local option
3 gross receipts taxes in effect for the month that are imposed
4 throughout the county; ~~and~~

5 (4) the total deductions claimed pursuant to
6 Section 7-9-93 NMSA 1978 for the month by taxpayers from
7 business locations in the county but not within a municipality
8 multiplied by the combined rate of all county local option
9 gross receipts taxes in effect for the month that are imposed
10 in the county area not within a municipality;

11 (5) the total deductions claimed pursuant to
12 Section 7-9-101 NMSA 1978 for the month by taxpayers from
13 business locations within a municipality in the county
14 multiplied by the combined rate of all county local option
15 gross receipts taxes in effect for the month that are imposed
16 throughout the county; and

17 (6) the total deductions claimed pursuant to
18 Section 7-9-101 NMSA 1978 for the month by taxpayers from
19 business locations in the county but not within a municipality
20 multiplied by the combined rate of all county local option
21 gross receipts taxes in effect for the month that are imposed
22 in the county area not within a municipality.

23 B. The distribution pursuant to Subsection A of
24 this section is in lieu of revenue that would have been
25 received by the county but for the deductions provided by

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1 Sections 7-9-92, [~~and~~] 7-9-93 and 7-9-101 NMSA 1978. The
2 distribution shall be considered gross receipts tax revenue and
3 shall be used by the county in the same manner as gross
4 receipts tax revenue, including payment of gross receipts tax
5 revenue bonds.

6 C. A distribution pursuant to this section may be
7 adjusted for a distribution made to a tax increment development
8 district with respect to a portion of a gross receipts tax
9 increment dedicated by a county pursuant to the Tax Increment
10 for Development Act."

11 Section 4. EFFECTIVE DATE.--The effective date of the
12 provisions of this act is July 1, 2007.